

# Community Greenspaces Are Worth Money

## Economic Argument for Parks, Natural Areas and Greenways

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### HIGHER PROPERTY VALUES

A study of three neighbourhood greenbelts in Windsor, Ontario shows that the closer residential properties are to natural areas, the higher their values. In fact, data from two neighbourhoods suggests that a property's value increases substantially for every walking foot closer it is to a park or nature trail.

The financial benefits of green spaces don't end with home owners. Higher property values can mean increased tax revenues to municipal governments. Natural spaces within urban settings have also been shown to bring benefits through additional recreational spending and increased commercial activity.

These economic benefits have the potential to generate still more tax revenue for municipal, provincial and federal governments, which are among the agencies that have spent money to establish green spaces. Thus, these urban oases can pay for themselves over time. By encouraging residential intensification nearby, parks and greenways can also help reduce municipal costs associated with providing infrastructure and transportation services to sprawling areas.



Deb Bennett

### CREATING GREENSPACES

Greenspaces can serve as important buffer zones between urban development and sensitive natural habitats and waterways. These natural areas can protect water resources, shelter plants and wildlife, provide recreational opportunities and allow alternatives to automobile transportation. They can even preserve historic features or serve as outdoor classrooms for environmental education.

Greenspaces do not have to be confined to areas that have never been developed. With some creativity and the proper precautions, attractive parks can be resurrected from derelict industrial sites or old garbage dumps. Hiking and cycling trails can be established along abandoned railway lines or through easements for utility lines.







# Community Greenspaces Are Worth Money

## An Economic Argument for Parks, Natural Areas and Greenways

Given a choice, most city dwellers would probably prefer to live near parks or nature trails. This desire translates into economic benefits, both for individual residents and municipalities in general.

### HIGHER PROPERTY VALUES

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These economic benefits have the potential to generate still more tax revenue for municipal, provincial and federal governments, which are often the agencies that have spent money to establish green spaces. Thus, these urban oases help pay for themselves over time. By encouraging residential intensification nearby, city parks and greenways can also help reduce municipal costs associated with providing infrastructure and transportation services to outlying areas.



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# CATEGORIES OF BENEFITS



An Environment Canada study categorized the types of benefits that greenways can contribute to communities. As well as their effects on property values, natural spaces have been found to have positive effects in seven other economic categories:

## Spending by Residents

Greenspaces can induce residents to spend money associated with their enjoyment of these amenities. For example, residents may invest in recreational activities that, in turn, support recreation-based businesses. This has an impact on local employment.

## Spending by Others

Studies show that Canadians take outdoor recreation seriously. Fully 90% of the country's population took part in one or more wildlife-related activities in 1991, devoting a total of 1.3 billion days and \$5.6 billion to these activities. Thus, areas that offer chances for fishing, bird watching, and hiking attract spending.

## Commercial Activity

The popularity of green spaces extends to commercial enterprises. Outdoor concessions serve people enjoying nature, special events are staged in park settings, and even commercial filming can be attracted to nature areas. All of these uses generate spending, which in turn creates employment and channels money back to municipal, provincial and federal governments in the form of taxes.

## Spending by Agencies

Greenbelts and parks require planning and construction to make them realities. Then, they need ongoing maintenance and supplies. This means that the agencies responsible for them need to employ people to develop, operate and maintain them. Thus, a certain number of jobs are provided in the community simply because these natural spaces exist.

## Spending by Tourists

Tourism makes an important contribution to the economy of the Windsor area. Greenbelts that enhance tourist draw can be important assets to communities that rely on tourist dollars. Commercial enterprises associated with tourism in natural areas can also contribute employment and tax dollars to a community.

## Attracting and Keeping Business

Attracting and retaining business is important to an area's economy. Quality of life is increasingly cited as a factor in where businesses locate. Thus, localities with access to greenbelts and recreational opportunities have advantages over those that do not.

## Reducing Public Spending

Conservation of greenways, rivers and trails may indirectly reduce costs to local governments and other public agencies. Encouraging commercial and residential development in urban areas with greenspace, instead of encouraging development to sprawl outward, can reduce community costs that are associated with water and sewer systems, roads and schools.



# CALCULATING THE IMPACT OF GREENSPACES ON PROPERTY VALUES AND INCREASED TAX REVENUE

An Environment Canada study looked at property values in three Windsor neighbourhoods: one near the Askin greenbelt; one near the Ganatchio Trail; and, one near the Spring Garden Area of Natural and Scientific Interest (ANSI).

The 1991 selling prices of residences in the three communities were examined. Homes within 3 000 feet of the above mentioned greenspaces were included in the study. The results were pooled, and statistical analysis showed that a home 30 feet from the greenspace would be approximately \$6,995 greater in value than one at the mean distance of 1035 feet.

However, because the Ganatchio Trail runs along the Detroit River, the proximity of the river also had an effect on house prices. Thus, the effect of the greenbelt on property values was weakened when the data for the homes in the Ganatchio Trail sample were pooled with the other two study areas.

To examine how property values were affected by the existence of greenspace only, without water nearby, data from the Askin and Spring Garden neighbourhoods were examined separately. A statistical analysis of the aggregate of data for the two neighbourhoods showed that, without the Detroit River influencing purchase prices, there was an increase in property values of \$7.98 per foot closer to greenspace. This means that a home 30 feet from the greenbelt would be worth approximately \$10,995 more than one at the mean distance of 1403 feet.

When the Askin neighbourhood was examined separately, property values there were seen to increase by \$8.10 per foot closer to the greenbelt (see table). Under a system of market value assessment, this could translate to a potential



*Spring Garden ANSI*

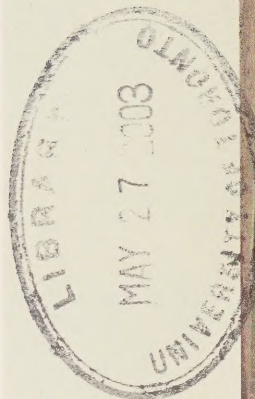
M. Cooke

increase in property tax revenue for the municipality of eight percent (approximately \$480,000) for this neighbourhood.

While each neighbourhood is unique, the three approaches to examining the effects of greenspace on property values (through the pooling of the three samples, through the aggregate of data from Askin and Spring Garden, and through the single neighbourhood sample shown in the table) support the theory that natural areas do have a positive effect on nearby property values.

The study shows that greenspace does have a significant effect on home values. This, coupled with the other more general beneficial economic effects of natural areas, helps make a convincing argument for maintaining existing greenways, developing new ones, and incorporating them into urban planning.





M. Cooke

*Spring Garden nature area near subdivision housing.*

### Value of Average House in Askin\* Neighbourhood

Walking Distance from Greenbelt (feet)	Average Value of House
30	\$149,302
250	147,302
750	143,456
1,250	139,396
1,403	138,124
1,750	135,336
2,250	131,276
2,750	127,216
3,000	125,816

\*The Askin neighbourhood is used here as an example of how property values in the three Windsor neighbourhoods generally increased with proximity to greenbelts.

Source: Zegarac, M. and Muir, T. (1996) A Catalogue of Benefits Associated with Greenspaces and An Analysis of the Effects of Greenspaces on Residential Property Values: A Windsor Case Study, Environment Canada.

#### For More Information:

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**This fact sheet and other information on environment  
and economics can be found on our website:  
[www.cciw.ca/green-lane/env-econ/intro.html](http://www.cciw.ca/green-lane/env-econ/intro.html)**

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